

Accounting Standard Review of Biological Assets Based on Indonesia Government

WIKE PRATIWI

Magister Program of Economics and Business Faculty, Jember University Jember-Indonesia

AHMAD ROZIQ

Economics and Business Faculty, Jember University Jember-Indonesia

YOSEFA SAYEKTI

Economics and Business Faculty, Jember University Jember-Indonesia

Abstract

PSAK-69 agriculture is a accounting standard for biological assets . Adopted full from international standard, that is IAS-41 agriculture. Based of measurement using fair value. This research was conducted at PTPN XII Kalsanen commodity rubber trees. This study analyzes existing accounting concepts of PTPN XII Kalsanen with those in PSAK-69 agriculture. Furthermore, whether fair value is an effective method of measuring biological assets. The results of the first study show some differences in accounting treatment by PTPN XII Kalsanen with PSAK-69. As for the second study of each biological asset undergoes a biological transformation that makes a qualitative and quantitative change in the value of biological assets. Because of these qualitative and quantitative changes, the most appropriate method of measuring biological assets is based on fair value earned on the basis of market prices.

Keywords: Accountability, Biologycal Assets

Introduction

Beginning in 2003 IASC (International Accounting Standard Committee) approved the accounting standard for agriculture sector that is IAS-41 (International Accounting Standard) agriculture. Where the IAS-41 agriculture contains the standard of accounting treatment which includes measurement, presentation, disclosure and reporting of a biological asset for agricultural entities. According to IAS-41 biological assets are defined as plants and animals that live and are controlled by agricultural entities as a result of past events.

There are several Asean countries which have already applied IAS-41 for their agricultural entity. In early 2005 the Philippine had first adopted the IAS-41. PAS-41 (Philippine Accounting Standards) is the name for the standard of accounting treatment of agriculture in Philippine. Tahun 2008 Singapore has enacted FRS-41 designation of agricultural accounting standards in Singapore as the basis of accounting treatment of biological assets in the country. Furthermore Malaysia is the third Asean country to adopt IAS-41 agriculture for its agricultural entity. In 2012 Malaysia began applying MAS-7 as an accounting standard for its agricultural entity. Beginning in 2017 Thailand has begun to actively implement TAS-41 (Thai Accounting Standard) as a satandar of accounting treatment for its agriculture sector where Thailand adopts full IAS-41 agriculture. As for the country of Vietnam is still in the process of perevisian IAS-41 agriculture.

While Indonesia, early 2016 Indonesia represented by DSAK (Financial Accounting Standards Board) issued a draft PSAK-69 agriculture exposure by adopting full of IAS-41 agriculture. PSAK-69 agriculture contains the accounting treatment of biological assets and agricultural products for agricultural entities in Indonesia. 2018 is the year required by DSAK as the year of entry into force of PSAK-69 agriculture as the standard of accounting treatment of biological asset of agricultural entities in Indonesia which adopt full of IAS-41 agriculture. Indonesia is a developing country where one of its economy is supported by agriculture sector. The agricultural sector is a promising sector for investment, looking at the abundance of natural resources in Indonesia so that many investors invest their capital. The existence of accounting treatments for biological assets adds to the accountability value of the accounting treatment of biological assets that used to use historical value models in measuring their biological assets. For that researchers try to do the research in order to get transparency and accountability to the financial statements on state-owned agricultural entity that is PTPN XII.

Based on the above description of the above researchers took the formulation of the problem as follows 1) How the concept of accounting before and after the PSAK-69 agriculture that will be effective applied in January 2018 on agricultural entity PTPN XII? 2) Is using fair value method is an effective way of measuring biological assets in an agricultural entity in accordance with the passing of PSAK-69?

Method

The data analysis method used is qualitative descriptive analysis with aims to 1) Provide an overview of agricultural accounting on measurement, recognition of presentation of disclosure and reporting of biological

assets in accordance with PSAK-69 agriculture. 2) Is fair value an appropriate method in measuring the biological assets of an agriculture ?. Some of the steps taken are observation, interview, literature study and then the researchers begin to do 1) Identify and compare agriculture accounting based on PSAK-69 with existing in PTPN XII government entity 2) Analyze the accuracy of fair value as a measurement of biological asset based on PSAK-69.

Discussion

Description of Research Objects

This study is an overview of the PSAK-69 agriculture review which is the adoption of IAS-41 agriculture. Using observational data, interviews and literature studies the researcher will describe the accounting treatment of biological assets of government entities. This research was conducted on state entity PTPN XII Kalisanen Jember district. Where in this entity has the largest rubber export commodities. So it is necessary accountability in the process of accounting treatment of biological assets.

Agricultural Accounting

Based on the formulation of the first problem "How is the concept of accounting before and after the existence of PSAK-69 agriculture that will be effective in January 2018 on state entity PTPN XII in Jember district? In accounting there is a process of measuring, presenting and disclosing what makes it different in agricultural accounting is its activity. In any agricultural activity undergoes a process called biological transformation where agriculture undergoes a process that includes 1) a growth process in which biological assets grow larger, 2) degeneration process in which biological assets develop. 3) Production processes in which biologiss assets can produce products. 4) The procreation process by which the growth of a biological asset reaches a certain point then produces. In the process of biological transformation resulted in qualitative and quantitative changes so that there are differences in the value of each asset.

Table 1. The following is a classification of plants based on observations, interviews and literature study at PTPN XII Kalisanen Kabupaten Jember

Types of Plants	Plant Age	Intrinsic
New plants / conversions	0 - 1 year	Trunk winding ≥ 2 cm
Immature plant	1 - 6 years	Stem rotation ≤ 45 cm and skin thickness ≥ 6 mm
Plants Produce	6 - 25 years / 30 years	Stem rotation ≥ 45 cm and winding rod ≥ 7 mm

Rubber trees are biological assets that have a long harvest time it takes up to approximately 6 years to be ready for harvesting. Gum rubber or commonly called brittle is the agricultural product of the biological assets of rubber trees. Based on the above table we can conclude the classification of rubber plants viewed from the productivity and economic life of the rubber tree. New Plant / Conversion abbreviated with TB is a biological asset of newly planted rubber plant that will be prepared as a replacement tree. Furthermore, for plants not yet produced or abbreviated TBM is a biological asset that is ready to be harvested into agricultural products is just waiting for the foreman to confirm whether the rubber tree is ready to be harvested. While in plants produce or abbreviated TM is agriculture that has produced a lot of rubber sap agribusiness products available for export. Measurement of biological assets in PTPN XII Kalisanen is still cost-based where the measurement of the expenses incurred. The following is a table 4.2 which compares the balance sheet treatment on PTPN XII Kalisanen Jember with illustrations of PSAK-69 agriculture.

No	Journal Operational Activity	Type PTPN XII Kalisanen	Recommendation Jurnal PSAK-69 Agriculture
1.	Preparation of land for planting new crops	New Crops xxx Cash / Debt xxx	Land Alignment Cost xxx Cash / Debt xxx
2.	2. Direct labor payments	Immature plant xxx Cash / Debt xxx	Direct labor xxx Cash / Utilities xxx
3.	Purchase equipment Ex:fertilizer,pepticide etc. Supplies	Supplies xxx Materials Cash / Debt xxx	Cost of fertilizer xxx Cash / Debt xxx
4	Routine maintenance costs before the productive	Immature xxx plants Cash / Accounts payable xxx	Maintenance Cost xxx Cash / Debt xxx
5	There is a defect in Nursing	Load Crop xxx Cash/Account payable Xxx	Maintenance Cost xxx Cash / Debt xxx
6.	There is damage to the Ex Plant: natural disasters etc.	The maintenance load xxx Cash / Debt xxx	Cost of loss xxx Cash / Debt xxx
7.	Maintenance costs	Crops too big Cash xxx Profit / profit xxx	Cash / Accounts payable xxx Maintenance Cost xxx
8.	Reclassification of TBM to TM with partial damage	Mature xxx plants Maintenance Expenses xxx Cash / Debt xxx Mature xxx Cost Losses xxx Other charges are suspended xxx	Mature xxx Other charges are suspended xxx

Determining the Optimal Model

Based on the second formulation of the problem, "Is using fair value method is an effective way of measuring biological assets in an agro entity in accordance with the passing of PSAK-69?" To answer that all previously we first see what method applied by previous entity? ?? And the answer is to use a historical value model (Historical Cost) which is measured at cost.

Historical Cost Model

In this historical value model was once considered the most effective and most suitable model used for the measurement of a biological asset and agricultural product. Where at that time the measurement is considered to meet the concept of audit trials and facilitate trace audit records so that there is minimal fraud or error in the audit process (Jansen 2006). Assets are recorded at the expense of cash (or cash equivalents) paid or at fair value of the consideration given to acquire the asset at the time of acquisition.

Liabilities are recorded at the amount received in exchange for the obligation (obligation), or under certain circumstances (for example, income tax), in the amount of cash (or cash equivalents) expected to be paid in order to fulfill the obligations in the normal course of business. this historical cost has several disadvantages 1) In this model can not be used in complex transactions such as transactions derived financial instruments that have no cost but have a value 2) The cost model is considered more objective, but in accounting a lot of subjective estimates are used. 3) The cost model can only be used with the assumption that the company will go concern 4) Often the cost model compares between two different things to comparison of income and expenses.

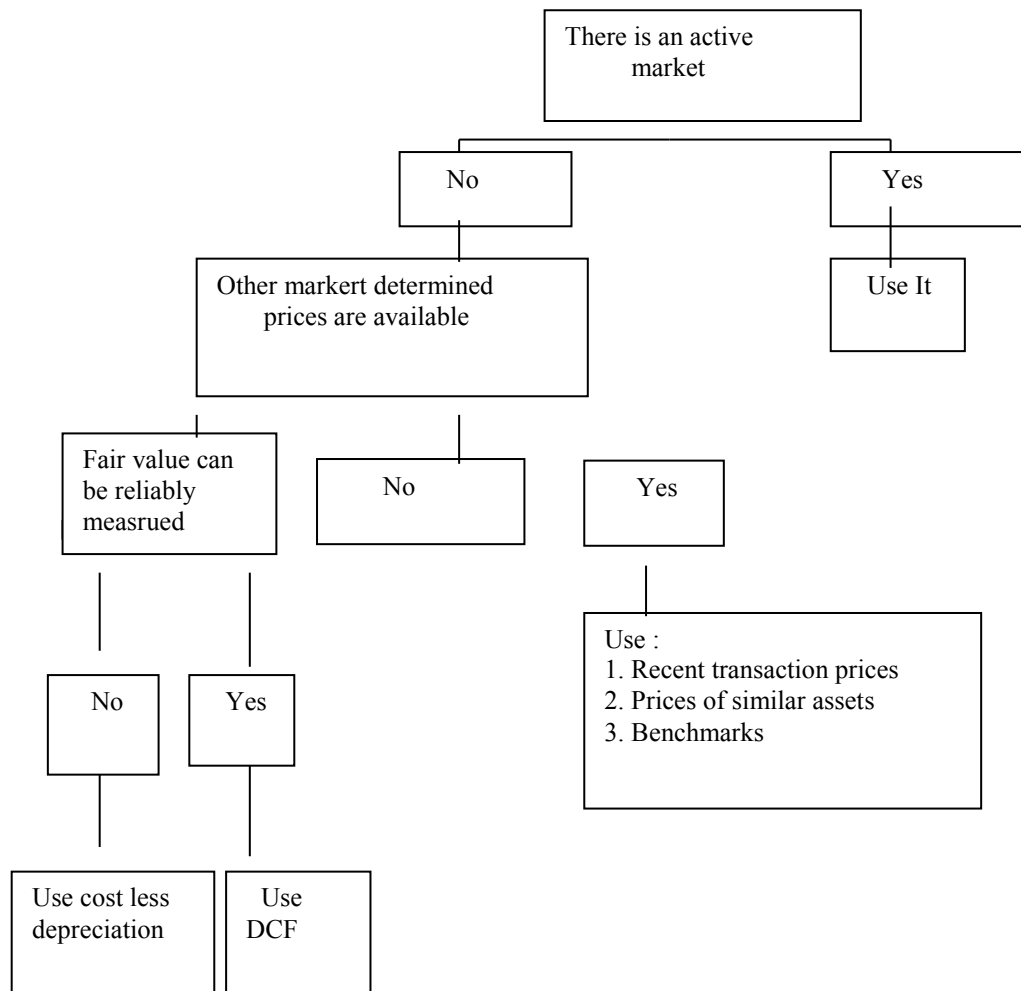
While in the agriculture industry itself occurs a process called biological transformation where agriculture undergoes a process of growth, degeneration, production and procreation which are all very difficult to measure if using cost. Therefore IA-41 is published which is the latest standard for revised agriculture in order to be adopted by all agro entities in the world.

Fair Value Model

Indonesia publishes PSAK-69 agriculture which is the adoption of IAS-41 agricultur. In this PSAK-69, the measurement of its biological assets using the fair value is considered to be the most effective use. The method of measuring biological assets with a fair value model is the fair value minus the cost to sell at the point of

harvest based on the market price. The fair value of a biological asset is derived from the price of the biological asset in an active market. The active market is a market where 1) The type of goods being traded is homogeneous or the same 2) Each seller and buyer can meet in normal conditions at an affordable price and agreed upon by both. Many questions ask how the measurement if market price is not found and fair value can not be measured reliably ??

Schematic illustration of a fair value approach



Resource: Anders Svensson et al. 2008. *The Swedish Forest Industry's Application of the IAS-41 Agriculture*. Master's Thesis, Stockholm School of Economics

Based on illustrative schemes above market prices in active markets for biological assets or agricultural products are the most reliable basis for determining the fair value of biological assets. If there is no active market, then there are several approaches that can be used to determine the fair value of the biological asset that is 1) The market price of the current transaction, seen as having no significant price difference from the price at the time of the transaction compared to at the end of the period or at the time of measurement of the biological asset 2) The market price of the goods that bears similarity to the asset by adjusting the possible price differential 3) The sector or industry benchmark, such as the value of the yield of the garden is expressed per hectare. Furthermore, in the scheme it is also explained how if the value fair can not be measured reliably then the last step is to use the method based on cost minus accumulated depreciation.

All questions and doubts about the relevance, effectiveness and measurement of fair value have been addressed by the illustration 4.4. Where fair value is the most appropriate method in the measurement of a biological asset. Biological assets undergo a process of biological transformation, therefore the measurement of fair value required for biological assets can be measured based on current market conditions. The advantage gained by using fair value is to prevent farmers from losing contractual agreements in the past that cost farmers.

CONCLUSION

This research is a descriptive qualitative research where data collection is used with observation, interview and literature study. Based on the result of the research, there are some differences of accounting treatment by PTPN

XII Kalisanen entity with PSAK-69. But with the illustration of the application of PSAK-69 which later can facilitate the entity in analyzing again which account will be adjusted for agricultural accounting in PTPN XII Kalisanen Jember district. As for the accuracy of fair value method so far based on research and literature study fair value is the most model right in measuring biological assets. Each biological asset undergoes a biological transformation that makes a qualitative and quantitative change in the value of its biological asset. Well .. because of qualitative and quantitative changes this is the most appropriate method in measuring the biological assets based on fair value earned based on market price. The market price gives farmers an advantage that prevents farmers from making past contractual arrangements that often make farmers lose.

REFERENCES

- Abd, Achmad Ridwan. (2011). *Perlakuan Akuntansi Aset Biologis PT Perkebunan Nusantara XIV Makassar (Persero)*. Makasar: Universitas Hasanuddin
- Greuning, Hennie Van. (2005). *International Financial Reporting Standards: A Practical Guide*. Jakarta: Salemba 4
- Herborhn,K.and Herbohn,J.(2006) "International Accounting Standard (IAS)-41 : what are the implications for reprting forest assets?". *Small-scale Forest Economics, Management and Policy*,
- Henderson, Scott, Graham Person, Kathy Herbohn. (2008). *Issues in Financial Accounting*. Australia. Pearson Education Australia.
- Ikatan Akuntan Indonesia. (2009). *Standar Akuntansi Keuangan*. Jakarta: Salemba Empat
- Peraturan Menteri Keuangan No.249/PMK.03/2008 tentang Penyusutan Atas Pengeluaran untuk Memperoleh Harta Berwujud yang Dimiliki dan Digunakan dalam Bidang Usaha Tertentu.
- Satori, Djam'an dan Komariah, Aan. (2009). *Metodologi Penelitian Kualitatif*. Bandung: Alfabeta
- Sugiyono. (2008). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Bandung. Alfabeta.
- Suwardjono. (2008). *Teori Akuntansi*. Edisi Ketiga. Yogyakarta: BPFE